

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Your savings federally insured to \$100,000

NCUA

*National Credit Union Administration
a U.S. Government Agency*

FINANCIAL HIGHLIGHTS FEBRUARY 29, 2004

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
February 29, 2004

Balance Sheet:

Interest Receivable — of \$47.4 million includes a combination of \$17.1 million in accrued interest earned by the NCUSIF in February, increase of \$9.5 million due to the purchase of seven Treasury notes and payments of \$41.9 million received by the NCUSIF in February.

Prepaid & Deferred Charges — is \$1.5 million for February. \$7.5 million was transferred to the operating fund to cover 59.8% of the agency's operating costs. February's actual operating costs were \$6.0 million.

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

NCUSIF Equity — remained at 1.27% for February. The equity ratio is based upon an insured share base of \$478.5 billion for December 31, 2003.

Statement of Revenue and Expense:

NCUSIF Total Operating Expense — of \$6.1 million includes \$121.7 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS	FEBRUARY 2003	JANUARY 2004	FEBRUARY 2004
Investments:			
U.S. Government Securities	\$5,584,299,628.15	\$6,059,274,938.21	\$6,077,677,009.97
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits	0.00	0.00	0.00
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Total Advances to Credit Unions	0.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	18,783.66	30,951.53	6,488.95
Loans due to NCUSIF	0.00	1,501,419.24	1,501,419.24
Recoveries from Liq. CU	14,522,281.17	12,529,542.05	12,030,492.07
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Total Other Receivables	14,541,064.83	14,061,912.82	13,538,400.26
Cash	5,702.44	5,024.02	4,918.80
Interest Receivable	49,366,215.50	62,813,049.71	47,429,268.10
Prepaid & Deferred Charges	1,212,638.16	1,651,794.45	1,482,832.42
Leased Assets	55,845.60	895,878.94	861,700.44
Other	28,769,782.27	26,375,171.58	26,263,326.79
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TOTAL ASSETS	\$5,678,250,876.95	\$6,165,077,769.73	\$6,167,257,456.78
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LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$6,075,968.42	\$7,904,311.12	\$7,755,903.08
Other	10,067.52	9,533.40	11,348.76
Check Clearing Accounts	3,337.14	0.00	2,694.47
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	6,089,373.08	7,913,844.52	7,769,946.31
Provision for CU Losses (Reserves)	52,473,941.87	78,552,665.52	78,327,441.14
Lease Liabilities	0.00	831,636.47	832,759.04
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TOTAL LIABILITIES	\$58,563,314.95	\$87,298,146.51	\$86,930,146.49 1/
EQUITY			
CU Contributed Capital	\$4,267,023,777.36	\$4,704,595,968.57	\$4,703,841,010.43
Retained Earnings	1,352,663,784.64	1,373,183,654.65	1,376,486,299.86
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TOTAL EQUITY	\$5,619,687,562.00	\$6,077,779,623.22	\$6,080,327,310.29
TOTAL LIABILITIES & EQUITY	\$5,678,250,876.95	\$6,165,077,769.73	\$6,167,257,456.78
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending February 29, 2004

	FEB 03	JAN 04	FEB 04
1/ Does not include unreserved contingent liabilities of \$0 in asset guarantees, and \$382 thousand in outstanding line of credit guarantees.			
1. Investments/Total Assets	98.35%	98.28%	98.55%
2. Total Equity/Insured Shares	1.27%	1.27%	1.27%
3. Prov. for Losses/CU Capital	1.23%	1.67%	1.67%
4. Non-Earning/Total Assets	1.15%	1.29%	1.03%
5. Available Asset Ratio	1.27%	1.25%	1.26%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING FEBRUARY 29, 2004

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2004	CY TO DATE BUDGETED 2004	CY TO DATE 2003
Investment Income	\$9,400,410.23	\$10,500,000.00	\$19,762,934.22	\$21,000,000.00	\$29,788,113.74
Other Income	41,136.88	40,000.00	90,998.74	80,000.00	161,120.48
Total Income	9,441,547.11	10,540,000.00	19,853,932.96	21,080,000.00	29,949,234.22
EXPENSE					
Employee Pay	3,615,413.71	4,047,577.58	\$7,825,363.40	8,491,853.55	8,347,596.89
Employee Benefits	963,323.10	1,039,470.36	\$1,973,944.08	2,175,327.24	1,727,248.74
Employee Travel	423,474.34	672,360.08	\$483,139.41	1,344,720.16	522,197.91
Rent/Communications/Utilities	189,373.20	221,527.25	\$390,747.28	443,054.49	328,194.84
Administrative Costs	578,767.08	630,663.32	\$1,160,354.59	1,261,326.65	878,587.66
Contracted Services	246,816.15	407,798.60	\$146,455.74	815,597.21	159,655.75
Subtotal NCUA Operating Exp.	6,017,167.58	7,019,397.19	11,980,004.50	14,531,879.30	11,963,481.79
AMAC Expense	10,239.34	15,000.00	14,924.20	30,000.00	199.23
Training Expense	73,326.56	110,000.00	89,885.56	220,000.00	177,817.91
Leasing Expense	35,301.07	35,250.00	71,073.80	70,500.00	96,786.41
Other Insurance Expense	2,867.35	3,500.00	5,898.67	7,000.00	34,696.77
Total Operating Exp.	6,138,901.90	7,183,147.19	12,161,786.73	14,859,379.30	12,272,982.11
Insurance Loss	0.00	1,250,000.00	0.00	2,500,000.00	4,939,600.00
Total Expense	6,138,901.90	8,433,147.19	12,161,786.73	17,359,379.30	17,212,582.11
NET INCOME	\$3,302,645.21	\$2,106,852.81	\$7,692,146.23	\$3,720,620.70	\$12,736,652.11
Retained Earnings, Beginning of Year			\$1,368,794,153.63		\$1,339,927,132.53
Prior Year Adjustment			0.00		0.00
As Restated			1,368,794,153.63		1,339,927,132.53
Net Income			7,692,146.23		12,736,652.11
Dividends			1,376,486,299.86		1,352,663,784.64
Retained Earnings, End of Year			\$1,376,486,299.86		\$1,352,663,784.64

Comparative Analysis of NCUSIF Ratios for February 29, 2004

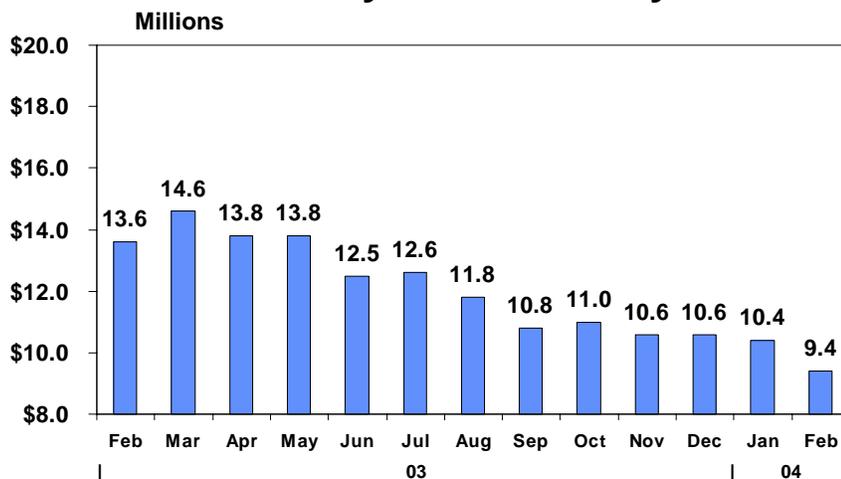
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	57.84%	65.02%	40.98%	61.26%
2. Ins. Loss/Total Income	0.00%	0.00%	16.49%	0.00%
3. Total Exp./Total Income	57.84%	65.02%	57.47%	61.26%
4. Net Income/Total Income	42.16%	34.98%	42.53%	38.74%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
February 29, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$18,094,672.03
Other income received	300,998.74
Cash paid for operating expenses	(15,577,256.26)
Net cash (paid) received for insurance losses	<u>64,506.59</u>
Net cash provided by operating activities	2,882,921.10
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(3,225,326.20)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>223,689.58</u>
Net cash provided by (used in) investing activities	(3,001,636.62)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	118,016.86
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	118,016.86
NET INCREASE (DECREASE) IN CASH	(698.66)
CASH, BEGINNING OF YEAR	5,617.46
CASH, ENDING February 29, 2004	<u><u>\$4,918.80</u></u>

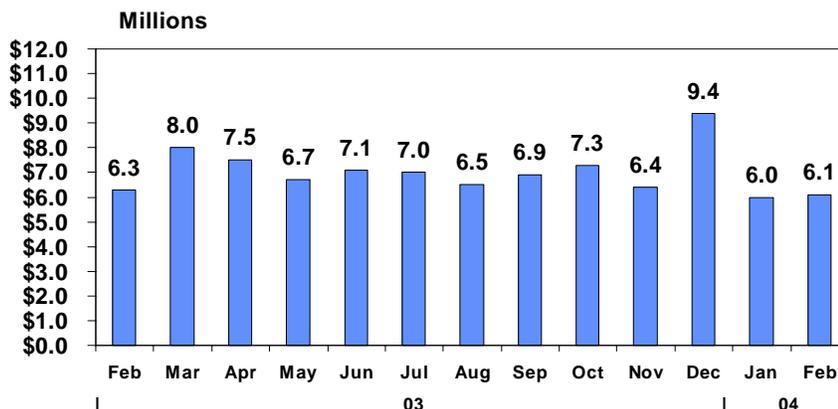
GROSS INCOME

February 03 – February 04



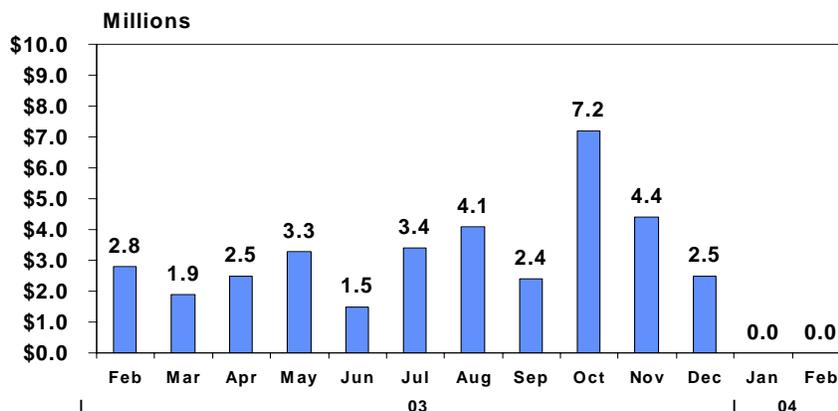
OPERATING EXPENSE

February 03 – February 04



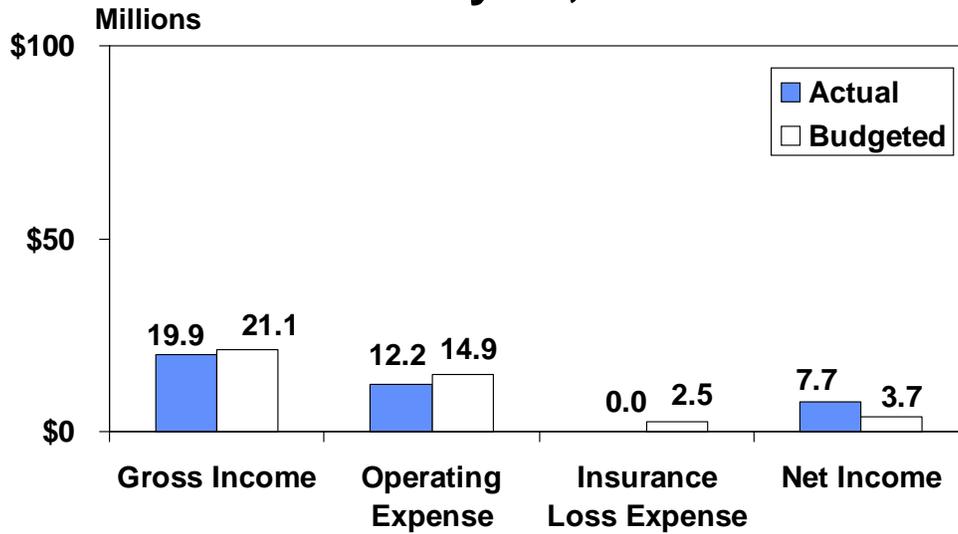
INSURANCE LOSS EXPENSE

February 03 – February 04



REVENUE AND EXPENSE

February 29, 2004



NCUSIF EQUITY RATIO

February 29, 2004

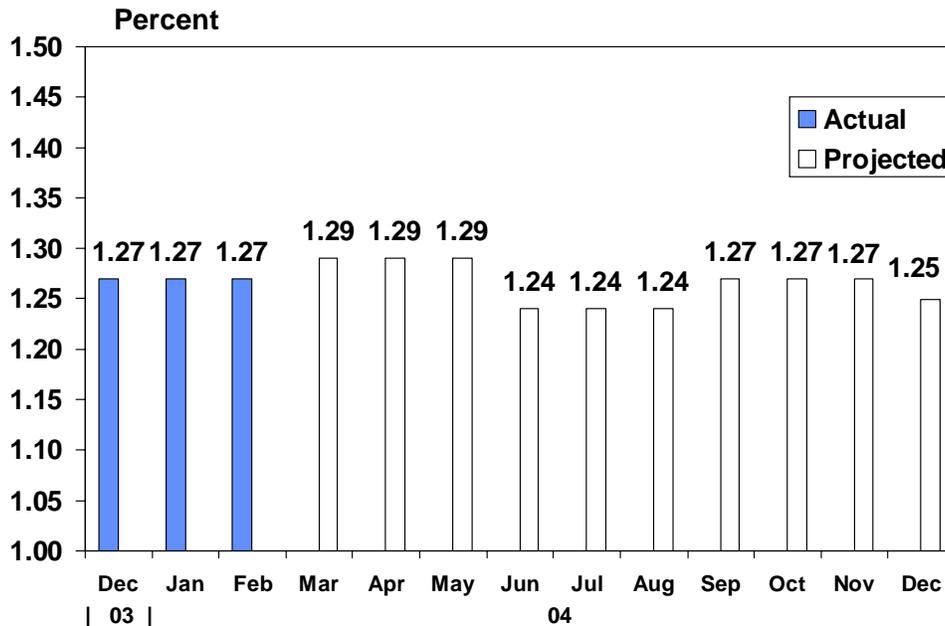


TABLE 4

INVESTMENT PORTFOLIO SUMMARY

February 29, 2004

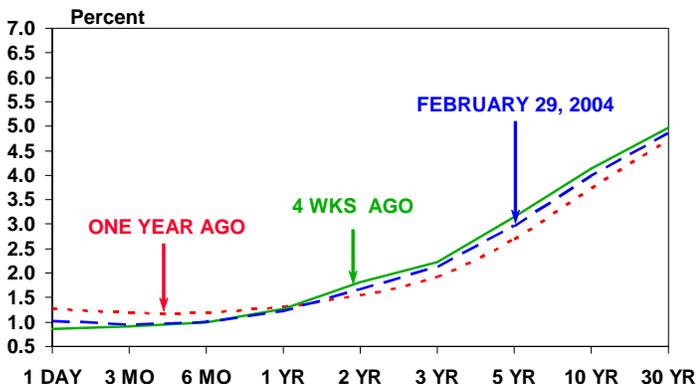
I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$933,548,000	\$933,548,000	\$0	100.0%	1.01%
U.S. Treasury Notes	\$5,144,129,010	\$5,173,291,250	\$29,162,240	100.6%	2.16%
TOTAL	\$6,077,677,010	\$6,106,839,250	\$29,162,240	100.5%	1.96%

II. INVESTMENT PORTFOLIO PERFORMANCE				
	Last Month	Current Month	CY To Date	CY04 Projections
Investment Yield	1.98%	1.93%	1.95%	2.00%
Investment Income	\$10,329,862	\$9,433,851	\$19,763,713	126 Million
Income Budgeted	\$10,500,000	\$10,500,000	\$21,000,000	126 Million
Income/Budgeted Ratio	98.4%	89.8%	94.1%	100.00%
Avg. Maturity in Days	351	448	400	

III. MONTHLY ACTIVITY				
Purchase	Type	Amount	Maturity	Yield
2/10/2004	T-Note	\$100,000,000	5/15/2006	1.89%
2/10/2004	T-Note	\$100,000,000	7/15/2006	2.01%
2/10/2004	T-Note	\$100,000,000	8/15/2006	2.05%
2/10/2004	T-Note	\$100,000,000	10/15/2006	2.14%
2/10/2004	T-Note	\$100,000,000	5/15/2007	2.40%
2/10/2004	T-Note	\$100,000,000	8/15/2007	2.50%
2/10/2004	T-Note	\$100,000,000	11/15/2007	2.61%
TOTAL		\$700,000,000		

IV. MATURITY SCHEDULE (par value in millions)	
3 months or less	1,333.5
3 months - 1 year	2,200.0
1 year - 2 years	1,600.0
2 years - 3 years	500.0
3 years - 4 years	300.0
TOTAL	5,933.5

TREASURY YIELD CURVE



MATURITY SCHEDULE

February 29, 2004

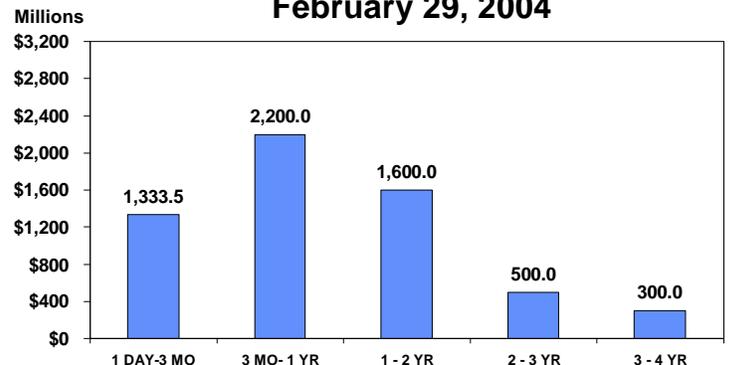


TABLE 5

INTEREST RATE COMPARISONS

February 29, 2004

INTEREST RATE COMPARISONS								
	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04
NCUSIF Yield	2.52%	2.35%	2.21%	2.11%	2.08%	2.02%	1.98%	1.93%
90 day T-Bill	0.94%	0.96%	0.91%	0.95%	0.93%	0.93%	0.91%	0.94%
1 year T-Bill	1.33%	1.38%	1.15%	1.30%	1.38%	1.29%	1.27%	1.22%
2 year T-Note	1.92%	2.04%	1.47%	1.85%	2.07%	1.86%	1.82%	1.66%
30 year T-Note	5.46%	5.30%	4.88%	5.15%	5.14%	5.10%	4.97%	4.85%

**INTEREST RATE COMPARISONS
FEBRUARY 29, 2004**

